

## How does the program work?

Once established, the LDFA prepares a development plan and a tax increment financing plan to submit for approval by the municipality following a public hearing similar to the DDA and TIFA. After the municipality adopts the two plans via resolution, the development plan is implemented and the tax increments, which occur as a result of improvements in the eligible property, accrue to the LDFA to be used in accordance with the development plan. The activities of the LDFA may be financed by:

- Contributions to the LDFA from the local unit of government.
- Revenues from ownership of property.
- Tax increment revenues from eligible properties.

An annual report must be submitted to the municipality and to the State Tax Commission on the status of the tax increment financing plan. Eligible activities for funding are:

- Public infrastructure improvements that directly benefit the district, including a street, road, bridge, storm water or sanitary sewer, sewage treatment facility, water line, water tower, etc. Railroads and utility lines (electric and telecommunication) are also eligible.
- Acquisition of land, as demolition, site preparation and relocation costs.
- Administrative costs.

Properties eligible for tax increment capture are those whose primary use is either manufacturing, high-technology, or value-added agricultural processing.